



DEPARTMENT OF
FINANCE

ARNOLD SCHWARZENEGGER, GOVERNOR

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November 6, 2007

Mr. Mark Leary, Executive Director
California Integrated Waste Management Board
1001 I Street
P.O. Box 4025
Sacramento, CA 95812-4025

Dear Mr. Leary:

**Final Audit Report—County of Kern, Grant Agreements UBG8-02-7880 and
UBG9-03-0244**

Enclosed is the final report on our audits of the County of Kern's (County) Used Oil Block Grant agreements UBG8-02-7880 and UBG9-03-0244 for the periods July 1, 2002 through June 30, 2005 and July 1, 2003 through June 30, 2006, respectively. The Department of Finance, Office of State Audits and Evaluations, performed these audits under an interagency agreement with the California Integrated Waste Management Board. The audits included a review of revenue, expenditures, internal control, and compliance with certain grant agreement provisions.

We found that the County complied with the fiscal requirements of its grant agreements and its revenue and expenditures were fairly stated. Because there were no audit findings or issues requiring a response, we are issuing the report as final. In accordance with our policy of increased transparency this report will be placed on the Finance website.

If you have any questions regarding this report, please contact Kim Tarvin, Manager, or Rich Hebert, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

Janet I. Rosman, Assistant Chief
Office of State Audits and Evaluations

Enclosure

cc: On following page

cc: Mr. Tom Estes, Deputy Director, Administration and Finance Division, California Integrated Waste Management Board
Ms. Rubia Packard, Assistant Director, Executive Office, California Integrated Waste Management Board
Ms. Shirley Willd-Wagner, Manager, Financial Assistance Division, California Integrated Waste Management Board
Ms. Corky Mau, Supervisor, Financial Assistance Division, Grant Programs, California Integrated Waste Management Board
Mr. Chuck Magee, Waste Management Supervisor, Kern County Waste Management Department

GRANT AUDITS

County Of Kern
Used Oil Block Grants
UBG8-02-7880
and UBG9-03-0244
For the Period July 1, 2002
through June 30, 2006

Prepared By:
Office of State Audits and Evaluations
Department of Finance

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The Department of Finance, Office of State Audits and Evaluations, performed these audits under an interagency agreement with the California Integrated Waste Management Board (Board).

The Board awarded grants to the County of Kern (County) for participation in the Used Oil Block Grant Program. Grant UBG8-02-7880 totaled \$198,932 and covered the period July 1, 2002 through June 30, 2005. Grant UBG9-03-0244 totaled \$137,887 for the period July 1, 2003 through June 30, 2006. These grant agreements were funded by the Used Oil Recycling Fund.

The objective of these audits was to determine the County's fiscal compliance with the aforementioned grants. The audits also assessed the County's compliance with applicable laws, regulations, and grant agreement requirements, as well as a review of internal control. We did not assess the efficiency or effectiveness of program operations; this responsibility lies with the Board. The responsibility for financial reporting and compliance rests with the County.

This report is intended for the information and use of Board and County management. However, the report is a matter of public record and its distribution is not limited.

STAFF:

Kimberly A. Tarvin, CPA
Manager

Rich Hebert
Supervisor

Mary Tesema
Ngocnhung Tran



INDEPENDENT AUDITOR'S REPORT

Mr. Mark Leary, Executive Director
California Integrated Waste Management Board
1001 I Street
P.O. Box 4025
Sacramento, CA 95812-4025

We have audited the accompanying County of Kern's (County) *Statements of Revenues and Expenditures* (Statements) for the following grant agreements and audit periods:

Grant Agreement

UBG8-02-7880

UBG9-03-0244

Audit Period

July 1, 2002 - June 30, 2005

July 1, 2003 - June 30, 2006

These grants were executed between the County and the California Integrated Waste Management Board (Board). These Statements were prepared from the County's records and are the responsibility of County management. Our responsibility is to express an opinion on the Statements based on our audits.

We conducted our audits in accordance with *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to provide reasonable assurance as to whether the Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statements. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audits provide a reasonable basis for our opinion.

The accompanying Statements were prepared, as described in Note 4, for the purpose of determining the County's fiscal compliance with the aforementioned grant agreements. The Statements are not intended to be a presentation of the County's total revenues and expenditures.

In our opinion, the Statements referred to above present fairly, in all material respects, the claimed and audited revenues and expenditures for grant agreements UBG8-02-7880 and UBG9-03-0244, for the periods stated above in conformity with accounting principles generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Statements are free of material misstatement, tests were performed of the County's compliance with certain provisions of laws, regulations, and the grant agreements, noncompliance with which could have a direct and material effect on the determination of Statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits; and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Generally Accepted Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the Statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the Statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no instances involving the internal control over financial reporting and its operation considered to be material weaknesses.

This report is intended solely for the information and use of Board and County management, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Original signed by:

Janet I. Rosman, CPA
Assistant Chief, Office of State Audits and Evaluations
(916) 322-2985

June 21, 2007

STATEMENT OF REVENUE AND EXPENDITURES

**County of Kern
Used Oil Block Grant Agreement UBG8-02-7880
For the Period July 1, 2002 through June 30, 2005**

	<u>Claimed</u>	<u>Audited</u>	<u>Questioned</u>
Revenue:			
State Grant	\$198,932	\$198,932	\$ 0
Interest	<u>2,714</u>	<u>2,714</u>	<u>0</u>
Total Revenue	201,646	201,646	0
Expenditures:			
Permanent Collection Facilities	\$29,908	\$29,908	\$ 0
Publicity and Education	53,264	53,264	0
Personnel	88,350	88,350	0
Travel	<u>9,118</u>	<u>9,118</u>	<u>0</u>
Total Expenditures	<u>180,640</u>	<u>180,640</u>	<u>0</u>
Excess of Revenue over Expenditures	<u>\$ 21,006</u>	<u>\$ 21,006</u>	<u>\$ 0</u>

* The excess \$21,006 was used to fund expenditures related to grant agreement UBG9-03-0244.

The accompanying notes are an integral part of this statement.

STATEMENT OF REVENUE AND EXPENDITURES

**County of Kern
Used Oil Block Grant Agreement UBG9-03-0244
For the Period July 1, 2003 through June 30, 2006**

	<u>Claimed</u>	<u>Audited</u>	<u>Questioned</u>
Revenue:			
State Grant	\$137,887	\$137,887	\$ 0
Interest	<u>1,896</u>	<u>1,896</u>	<u>0</u>
Total Revenue	139,783	139,783	0
Expenditures:			
Permanent Collection Facilities	28,927	28,927	0
Temporary or Mobile Collection	149	149	0
Publicity and Education	43,570	43,570	0
Personnel	104,377	104,377	0
Travel	<u>9,565</u>	<u>9,565</u>	<u>0</u>
Total Expenditures	<u>186,588</u>	<u>186,588</u>	<u>0</u>
Excess of Revenue over Expenditures	<u>\$(46,805)*</u>	<u>\$(46,805)*</u>	<u>\$ 0</u>

* Excess expenditures totaling \$46,805 were funded by \$21,006 in funds remaining from grant agreement UBG8-02-7880; the remaining \$25,799 was funded by the County's general fund.

The accompanying notes are an integral part of this statement.

NOTES TO THE STATEMENTS OF REVENUE AND EXPENDITURES

County of Kern Used Oil Block Grant Agreements UBG8-02-7880 and UBG9-03-0244 For the Period July 1, 2002 through June 30, 2006

NOTE 1 Description of the Reporting Entity

The County of Kern (County) is a legal subdivision of the State of California charged with general governmental powers. The County's powers are exercised through an elected five-member Board of Supervisors, which as the governing body, is responsible for the legislative and executive control of the County. The County's reporting entity includes all significant organizations, departments, and agencies over which the County exercises oversight and budgetary responsibilities. The Kern County Waste Management Department had general responsibility for these grants.

NOTE 2 Program Information

The California Integrated Waste Management Board (Board) administers the California Oil Recycling Enhancement Act, which includes the disbursement of Used Oil Block Grants (UBG) from the Used Oil Recycling Fund.

The Legislature enacted the California Oil Recycling Enhancement Act (Public Resources Code Sections 48600 through 48691) to reduce the illegal disposal of used oil, and to recycle and reclaim used oil to the greatest extent possible. A portion of the account is to be issued as grants to local government and agencies directly responsible for solid waste management. The intent of the grant funds is to encourage local governments to expand, implement, and/or improve their used oil collection opportunities.

NOTE 3 Description of Used Oil Block Grant Agreements

The County's primary goal for the grants was to continue its existing used oil collection program. To achieve this goal, the County incurred costs associated with oil collection, publicity and education, and personnel.

Upon receipt of grant funds, the County deposited and maintained all grant funds in an interest bearing account. All interest accrued and received was used for eligible expenses related to its specific grant agreement.

NOTE 4**Summaries of Significant Accounting Policies****A. Basis of Presentation**

The Statements presented in this report were prepared from the County's accounts and financial transactions. The Statements summarize revenue and expenditures recorded by the County during the reporting period July 1, 2002 through June 30, 2006.

The Statements summarize the County's transactions pertaining to grant agreements UBG8-02-7880 and UBG9-03-0244 and are not intended to represent all of the County's financial activities.

B. Basis of Accounting

The County's accounts are maintained on the modified accrual basis and in accordance with the principles of fund accounting. Under the modified accrual basis, revenues are recorded as they become measurable and available, and expenditures are recorded at the time the liabilities are incurred. .